THE HONORABLE MARC L. BARRECA
Hearing Date: June 10, 2011
Hearing Time: 9:30 am
Hearing Location: Seattle
Response Date: June 3, 2011
Chapter 7

THE UNITED STATES BANKRUPTCY COURT FOR THE
WESTERN DISTRICT OF WASHINGTON AT SEATTLE

In Re: ADAM R. GROSSMAN, Debtor.	NO. 10-19817 DECLARATION OF ADAM GROSSMAN

I am the Debtor herein.

The U.S. Trustee's Office, through its attorney Martin Smith, has advised me and my attorney that he would ask that I sign a waiver of my Chapter 7 discharge. If this request has been made because I do not pass the means test for Chapter 7, into which I have been involuntarily converted, the mistake of my involuntary conversion into Chapter 7 should be corrected. If this request has been made because of any actions I have undertaken which are believed to be improper, I was not aware that any of my actions in the Chapter 11 proceedings were considered improper at the time I undertook them. In fact, while testifying in court under oath in December during my divorce trial, I was specifically asked if I had a court order to purchase property and, to the great surprise of opposing counsel during cross examination, I read from the court order the exact passage which permitted such transactions.

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Nevertheless, I now find myself in the position of having my assets involuntarily and inefficiently liquidated by the Chapter 7 trustee at a tremendous loss of value, while being asked to waive my right to a discharge, which is the only advantage I see as an outcome of a Chapter 7 liquidation. My creditors find themselves in the position of receiving only fractional repayment of debt without full repayment.

For these reasons, I am bringing the present motion to convert my case to a Chapter 13 proceeding with the proposal of a 100% Chapter 13 repayment plan.

I have been a real estate investor for over 20 years and have a degree from MIT and an MBA from the Wharton School of Business which give me the experience and knowledge to effectively manage my real estate assets. My family has been in the real estate business for even longer, and my late father was both a real estate attorney and real estate broker for decades in the area where I own real estate and focus my investment activity. Immediately prior to being served with divorce papers and for a short while afterwards, I had spent considerable time and planning to significantly scale my holdings of real estate in the Shasta County region through capital fundraising and the launch of a second asset management fund. My first asset management fund overall yielded a positive return to investors during a period when the market declined substantially. During the Financial Crisis of 2008, my fund actually returned approximately 10% for the year. The following distinction is very important to understand about me: investment activity has been very profitable, but divorce activity has been very costly.

I believe that through my management and my recently acquired employment with GPI Holdings, from which I earn a gross monthly salary of $7,000 ($6,000 plus an estimated $1,000 in

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overtime, bonuses, or other consulting), I will be able to repay all of my creditors in full through a Chapter 13 plan.

Through my employment at GPI Holdings I am able to realize more money in the management and disposition of real estate than can be realized by the Chapter 7 trustee. Specifically, GPI Holdings is able to offer financing for buyers who may have difficulty in obtaining bank loans in this much stricter regulatory climate. As a result I can sell property quicker and at higher prices than through the traditional system of buyers obtaining bank financing and the use of real estate brokers.

Because GPI Holdings buys and sells and holds property on its own behalf, it does not require the use of a broker and the attendant commissions because a licensed broker is not required when a principal is transacting on its own behalf.

Set forth in Exhibit A, attached, is a spreadsheet of my real estate showing the expected realization to creditors under a liquidation by the Chapter 7 trustee. By contrast, I am proposing a 100% Chapter 13 repayment plan.

In addition to the liquidation of real estate, I propose to pay to my creditors in a Chapter 13 plan monthly payments of $3,624 based upon net income of $6,425 from GPI Holdings (as described above) and payments of $1,704 from Keywest Financial LLC. Monthly payments of $2,999 will pay my unsecured debt in full within 48 months.

The Chapter 11 filing was very difficult for me. I was involved in a very contentious divorce and was self employed. I was advised that it would be very difficult for me to conduct business as a self-employed person during the divorce proceedings -- advice which was very prescient. That

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period is now behind me. I am now single and am employed by GPI Holdings.

I believe I qualify to be a Chapter 13 debtor despite the objections to the contrary previously raised by the Chapter 11 trustee. On my original schedules I incorrectly listed a loan on real property at 6821 39th Avenue NE as one of my secured debts. Through the course of my dissolution proceedings it was shown that I was never obligated on that loan; rather, my ex-wife was the sole obligator. I was never listed as a co-owner of the property. I was not on the deed Moreover, I had signed a quit-claim deed in 2007 for the purpose of allowing my (then) wife to refinance her property. For that reason I amended my schedules to correctly reflect my secured obligations at the time I filed my petition. See 2nd amended schedules filed March 3, 2011.

I also corrected my schedules to show that the $300,000 which was erroneously listed as a secured debt due to a clerical error owed to Bugni Law Firm is in fact a debt in the amount of $225,000 and that it was never owed to Bugni Law Firm. Rather, the note holder is Lyman Opie. I have also changed the $16,000 debt originally listed on Schedule D as owed to Beth Shalom. That debt is not secured and therefore was removed on my amended schedules as a secured debt.

The Chapter 11 Trustee also claimed in his objection that my debt schedules are inaccurate because the listed amounts do not correspond to the higher amounts on the deeds of trust. The discrepancy is not because my 2nd amended Schedule D is inaccurate, but rather because not all principal was borrowed and accumulated interest was not included in the reported debt owed as of the date of filing. This is similar to any HELOC in which the amount of principal and interest may go up and down. In fact, in several instances I did borrow additional money confirming the HELOC-nature of the listed amount.

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Based on the foregoing, I believe that I was eligible to be a Chapter 13 debtor on August 19, 2010, the date I originally filed my case, and that I still am as I remain well within the allowable secured and unsecured debt limits of Chapter 13.

I understand from my attorney that the U.S. Trustee would not necessarily oppose my conversion to Chapter 13 so long as I complete my post-petition Chapter 7 schedules, complete my 341 hearing in Chapter 7, and sign a waiver of Chapter 7 discharge. Such a waiver is not necessary as I am proposing a 100% Chapter 13 repayment plan. I understand that the Chapter 7 trustee will have an administrative claim in the Chapter 13 proceeding.

In addition and based upon the stance taken by the US Trustee's office, I really have no choice but to repay my creditors through a Chapter 13 plan. Luckily, my income is such that I can afford to pay my unsecured creditors a 100% dividend. Thus, a Chapter 13 will result in a more beneficial outcome for my creditors, who otherwise face the likely prospect of receiving only a fraction of the money owed to them through a liquidation.

For the foregoing reasons, I respectfully request conversion of my case to a Chapter 13 proceeding.

I hereby declare under penalty of perjury under the laws of the State of Washington that the foregoing statements are true and correct to the best of my information and belief.

Dated this 18th day of May, 2011.

/s/ Adam Grossman
Adam Grossman

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